peak or base electricity from coal, the cheapest alternative. A competitive coal market is thus important for setting a proper price of natural gas on a net-back basis. An alternative for a gas producer is to export gas, in which case the domestic gas price could be the net realization of the domestic natural gas producer after investing and getting a return on the investment needed to make the natural gas tradable across borders through either a trans-border pipeline or through liquefaction and shipping facilities. This suggests that in the short-term, natural gas prices should be determined on a cost plus basis by an independent regulator."

(c) The Committee has made several recommendations which will have to be considered by various Ministries.

(d) Yes, Sir.

ONGC's refinery project in Andhra Pradesh

1435. SHRI SITARAM YECHURY:
SHRI PENUMALLI MADHU:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the ONGC has signed an MoU with the State Government of Andhra Pradesh to set up a Coastal refinery in Kakinada SEZ;

(b) whether the ONGC management has recently expressed unwillingness to go ahead with the project;

(c) if so, the reasons therefore; and

(d) whether any amount has been spent by the ONGC to conduct feasibility study for the project?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) Mangalore Refinery Petrochemical Limited (MRPL), a subsidiary company of Oil and Natural Gas Corporation Limited (ONGC) has entered into a Memorandum of Understanding (MoU) with Government of Andhra Pradesh, Infrastructure Leasing & Financial Services Limited (IL&FS) and Kakinada Sea Ports Limited (KSPL) on 3.9.2005 to expolore the feasibility of setting up an export oriented refinery at Kakinada, subject to the same being techno-commercially viable.

(b) and (c) The initial draft feasibility report has recommended that the refining capacity is desired to be enhanced from 7.5 MMTPA to 15.0 MMTPA to improve project economics. Hence it has been proposed that while carrying out detailed feasibility studies through Engineers India Limited (EIL), concurrent with the planed expansion of existing refineries in the East coast of India *i.e.* HPCL-Vizag, CPCL-Chennai and IOC's proposed refinery at Paradeep, MRPL in association with ONGC would take a final view in a holistic manner to decide on its investment plan for the proposed refinery.

(d) After obtaining approvals of MRPL and ONGC Boards of Directors, MRPL has extended Rs. 10.00 crore to Karnataka Special Economic Zone (KSEZ) as advance against equity to facilitate acquisition of land and Rs. 5.00 crore to Kakinada Refinery Petrochemical Limited (KRPL) to engage M/s. EIL for carrying out necessary Detailed Feasibility Report and M/s. Nextant for undertaking Marketing Study.

Committee on pricing of gas

1436. SHRI AMAR SINGH:
SHRI ABU ASIM AZMI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Committee set up by Government to go into the pricing of gas produced under the production sharing contract has submitted any report;

(b) if so, the details thereof; and

(c) what action Government have taken on the recommendations of the said Committee?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) Yes, Sir.

(b) Summary of recommendations of the Committee is given in the enclosed Statement. (*See* below)

(c) The report of the Committee is under examination in the Government.